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COMMISSION

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Memorandum

TO: Planning Committee

DATE: April 3, 2009

FR: Executive Director

W. I.

RE: Proposed Final Transportation 2035 Plan, MTC Resolution No. 3893

Change in Motion

The opening statement of the Draft Transportation 2035 Plan offers the following observation:

All long-term plans are about change. There can be disagreement about precisely which changes the future will bring, or how fast they will occur, or what can and should be done about them — but no one doubts that conditions 25 or 30 years hence will be different than they are today. Change is a certainty, and to plan means to reckon with change.

Change is happening all around us. In fact, the plan adoption was postponed by a month to respond to change. We assessed how new financial information submitted by the Santa Clara Valley Transportation Authority might impact the plan's financial constraint; how the economic downturn affects not only Santa Clara County's sales tax projections but also MTC's projections for Transportation Development Act (TDA) sales tax; and how recently adopted State budget cuts for State Transit Assistance (STA) funds warrant adjustments to the STA forecasts and how these adjustments, in turn, impact the 25-year transit operating and capital projections. MTC staff presented our recommended revisions to the Draft Plan to the Commission on March 25, 2009. The Plan was reopened for public comment through April 8, 2009. Note that all written comments on the Draft Plan received through March 2, 2009, along with the MTC responses to comments, are posted on the MTC Website: http://www.mtc.ca.gov/planning/2035_plan/. Written comments received through April 8, 2009 will be distributed at the Committee meeting.

Transportation 2035 certainly reckons with change. It emphasizes performance-based planning, a forward-thinking 25-year financial outlook, and bold transportation policies and investments that together help bolster the region's ongoing efforts to improve the mobility of goods, services, and people of the Bay Area. Change is afoot, and the region stands ready to anticipate and respond to it.

Proposed Revisions to Draft Transportation 2035 Plan

The proposed revisions to the Draft Transportation 2035 Plan are summarized below and detailed in MTC Resolution No. 3893. MTC staff expects to make additional technical corrections and editorial changes that are not detailed in the resolution because they do not substantively alter the content of the Transportation 2035 Plan. The Draft Transportation 2035 Plan, along with these proposed revisions, constitute the *Proposed Final Transportation 2035 Plan*. Following adoption of the Final Plan, MTC staff will revise the Draft Plan and publish a Final Plan by July 2009.

- **Finances:** Make the following technical revisions to the Transportation 2035 budget:
 - Add \$4.3 billion in revenue from the following fund sources: \$280 million from AC Transit Measure VV; \$1 billion from Santa Clara Valley VTA Joint Development

Revenue; and \$3.0 billion from the California Proposition 1A and the Federal American Recovery and Reinvestment Act High-Speed Rail shares.

- Reduce \$6.7 billion in sales tax revenue due to adjustments to the 25-year financial projections for Santa Clara's Measures A and B and permanent transit sales taxes.
 - Reduce \$4.5 billion in Transit Development Act (TDA) revenues due to adjustments to the 25-year financial forecasts for TDA.
 - Reduce \$1.2 billion in STA revenues, including spillover revenues, because the State legislature has suspended the STA program and spillover revenue for mass transit through Fiscal Year (FY) 2013; however, MTC's projection assumes reinstatement of STA program and spillover revenue in FY 2014.
 - **Net Impact:** Plan budget is adjusted downward from \$226 billion to \$218 billion.
- **Transit Operating and Capital Replacement Shortfalls:** As a result of the adjustment to the transit-related financial projections as described above, increase the total transit operating shortfall from \$3.2 billion to \$8.5 billion, and increase the total transit capital replacement shortfall from \$16.1 billion to \$17.2 billion.
 - **Regional Transit Sustainability:** Insert commitment to proceed with a Regional Transit Sustainability Project to address projected near- and long-term transit funding shortfalls. Upon completion of the analysis, the Commission will adopt new reforms prior to the allocation of any new regional revenues for transit operations. The Commission will pursue strategies to secure new transit operating revenues in parallel with the sustainability effort. The sustainability project is expected to cost \$1.5 million and take 18 months to complete. Staff will make periodic reports to the Planning Committee as the work progresses.
 - **Net High Occupancy Toll (HOT) Network Revenues:** Assign \$2.0 billion in net HOT revenues to address net deficit of \$2.0 billion in Santa Clara County's Measure A program conditioned upon Santa Clara Valley Transportation Authority Board endorsing the Regional HOT Network legislative framework for AB 744 (see companion item on Legislation Committee agenda). The balance of the \$4.1 billion regional HOT revenues remains as a regional "lump sum" reserve.
 - **Performance Objectives:** In support of the Security and Emergency Management goal, add two new performance objectives to (1) improve regional transportation emergency preparedness and (2) reduce vulnerability to transportation security threats.
 - **Building Momentum for Change:** Add new text titled "Are We Ready for Change?" The new text will replace the last sentence on page 83 and all text on page 84 of the Draft Plan. The text attempts to make a better case for the importance of pursuing road pricing and land use changes to meet the plan's performance objectives.
 - **Appendix One – Projects by County:** Make technical corrections to project listing in Appendix One as a result of comments from project sponsors. It is important to note that these revisions do not affect the environmental and transportation conformity assessments conducted for the Plan.

Recommendation

MTC staff recommends that this Committee approve and refer MTC Resolution No. 3893 to the Commission for final action, as follows:

- **Resolution No. 3893** adopts the Final Transportation 2035 Plan for the San Francisco Bay Area.

Steve Heminger

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